GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2766
ANSWERED ON:02.12.2016
Loan to Agricultural Implements
Nete Shri Ashok Mahadeorao

Will the Minister of FINANCE be pleased to state:

(a) the number of farmers provided loans by the banks for various agricultural implements including tractors during the last three years and the current year, State-wise; and

(b) the steps taken by the Government to meet the financial requirements of farmers?

Answer

The Minister of State in the Ministry of Finance

(a): As per the extant Directions on Priority Sector Lending issued by Reserve Bank of India (RBI), the medium and long-term loans to farmers for agriculture and allied activities, which, inter alia, include purchase of agricultural implements and machinery are covered under eligible activities under Priority Sector.The number of accounts in which agricultural term loans were provided by banks during the last three years and current year, are as under:

Year No. of accounts in which agricultural term loans (investment credit) was disbursed by banks
2013-14 100.99 lakh
2014-15 112.16 lakh
2015-16 137.39 lakh
2016-17
(up to 30.09.2016) 119.39 lakh
(provisional data)
(Source: NABARD)

Separate data on bank loans for financing of agricultural implements including tractors is not maintained by RBI and National Bank for Agriculture & Rural Development (NABARD).
(b): Some of the major steps taken by the Government to meet the financial requirement of farmers are as under:

? The Priority Sector Lending (PSL) directions of RBI mandate all Domestic Scheduled Commercial Banks to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture including loans to farmers. Further, a sub-target of 8% for small and marginal farmers has also been fixed.

? Government has introduced the Kisan Credit Card (KCC) Scheme aimed at providing adequate and timely credit support from the banking system under a single window to the farmers for their cultivation & other needs, which enables them to draw cash to purchase agricultural inputs such as seeds, fertilizers, pesticides, etc.The KCC Scheme has been simplified further w.e.f. 2012, which has provisions of ATM enabled debit card; loan for post-harvest/consumption/householdrequirements and maintenance of farm assets; increase in validity of KCC to five years; built-in cost escalation in the limit; any number of drawals within the limit, etc.

? With a view to ensuring availability of short term agriculture credit at a reduced interest rate of 7% p.a. to farmers, Government of India implements an Interest Subvention Scheme for short term crop loans up to Rs.3.00 lakh. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers.

? To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

? RBI has conveyed to Banks to waive margin and security requirements of agricultural loans upto Rs.1,00,000/-.